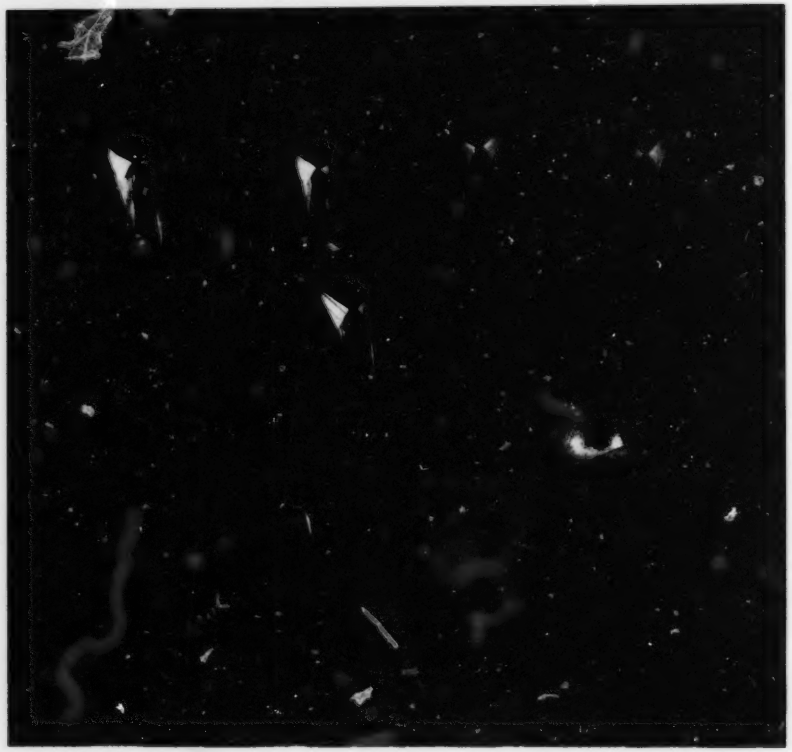
The Canadian Wheat Board
REPORT TO PRODUCERS ON THE 1989/90 CROP YEAR



THE NEW BOARD

Seated: Lorne F. Hehn (Chief Commissioner)
Back row (left to right): William H. Smith (Commissioner), Forrest M. Hetland (Assistant Chief Commissioner), Gordon P. Machej (Commissioner), Richard H. Klassen (Commissioner)

91-03238/

THE CANADIAN WHEAT BOARD

Report to Producers

on the

1989-90 Crop Year

On peut se procurer, sur demande, le texte français du rapport annuel dans sa version complète auprès du Service de l'Information de la Commission canadienne du blé.

INTRODUCTION

The 1989-90 crop year marked a return to better growing conditions for most western Canadian farmers. While some crops continued to feel the effects of drought, the 1989 crop, at 41 million tonnes, was the seventh largest in Prairie history.

Unfortunately, grain prices did not fare as well. Grain prices came under pressure as a result of larger crops in major importing and exporting countries. Wheat values were hardest hit because of extensive use of export subsidies by competitors.

Fortunately, prices in the fall of 1989 were higher and the Board was able to commit a substantial portion of supplies for sale. This helped buffer the lower prices somewhat.

Barley values, however, held firmer throughout the crop year as supplies were tighter. As a result, net returns for barley were similar to 1988-89.

The Wheat Board continued to price competitively to other suppliers in order to maintain market share for Prairie producers. By not doing so, cash flow to farmers would have been substantially reduced and long-term relationships with customers would be jeopardized.

We invite you to read this report for additional information on the 1989-90 crop year. Statements of operations detailing costs to each pool account are contained in the second half of the report.

Please contact the Information Department at the address alongside if you wish to receive a copy of the full annual report.

L. F. Hehn
Chief Commissioner

F. M. Hetland
Assistant Chief Commissioner

W. H. Smith
Commissioner

R. H. Klassen
Commissioner

G. P. Machej
Commissioner

The Canadian Wheat Board, P.O. Box 816, Winnipeg, Manitoba, R3C 2P5

THE 1989 WORLD CROP

World wheat and coarse grain production recovered in 1989 to total 1.3 billion tonnes. Table 1 shows 1989 world production compared to previous years.

Wheat

The International Wheat Council (IWC) estimated a new world record wheat production in 1989. Except for Australia, all major exporting countries experienced larger crops. The increase was especially marked in Canada due to a drought-reduced crop the previous year. Although U.S. wheat production rose in 1989, drought and winterkill substantially cut yield of the hard red winter wheat crop, despite an increase in seeded area. Argentina's production recovered from the drought-affected 1988 level, and the EC recorded its second-largest wheat crop on record.

Favourable weather helped the Soviet Union and China to produce substantially larger wheat crops than in 1988. China's wheat crop was a record, while Soviet wheat production was well above the average for the 1980s. Wheat production in India jumped 17 per cent, or eight million tonnes, to a new record.

Aside from North America, drought was especially pronounced in the Middle East and North Africa. Turkey, Syria, Iraq, Tunisia, and Algeria harvested substantially smaller than normal wheat crops.

TABLE 1
WORLD GRAIN PRODUCTION

	Wheat [2]	Coarse Grains [2]	Total	Rice [3]	All Grains
			(Millions of Tonnes)		
1980	445.3	732.7	1 178.0	376.5	1 554.4
1981	454.3	767.4	1 221.7	396.1	1 617.8
1982	482.1	781.6	1 263.7	412.7	1 676.4
1983	494.3	691.3	1 185.6	419.5	1 605.1
1984	517.6	821.1	1 338.7	452.7	1 791.4
1985	505.0	865.4	1 370.4	468.2	1 838.6
1986	534.8	845.0	1 379.8	468.2	1 848.0
1987	511.0	796.7	1 307.7	468.5	1 776.2
1988	504.8	724.9	1 229.7	462.7	1 692.4
1989 [1]	542.5	805.7	1 348.7	487.7	1 835.9

[1] Preliminary – Subject to Revision
[2] Source: IWC "World Wheat Statistics " for 1980 through 1986
For 1987 through 1989, "Grain Market Report" November 1990
[3] Source: USDA Foreign Agriculture Service "World Grain Situation and Outlook"

Durum

At 24.4 million tonnes, 1989 world durum production remained near the 1988 level but well below the 28.6 million tonnes produced in 1987. Larger crops in Canada and the United States were offset by drought in Mediterranean and Middle East countries. Production declines were especially marked in Italy and Turkey. Tunisia and Algeria also harvested well below normal durum crops for the second year in a row.

Coarse Grains

World coarse grain production in 1989 increased by 80 million tonnes over the previous year. This was mainly due to a much

larger U.S. corn crop. A seven per cent increase in seeded acreage and improved weather during the growing season were the main reasons for the larger U.S. output.

World barley production, at 169.6 million tonnes, was unchanged from 1988 but well below the 1987 production of 182.6 million tonnes. Increased barley production in the Soviet Union and North America was offset by decreased production in Western Europe and the Middle East. Drought reduced the Middle East crop. However, in Western Europe, the decline resulted from a combination of drought and a smaller seeded area. EC programs made it more profitable to switch plantings to alternative crops, such as wheat.

WORLD TRADE

World trade in wheat held relatively firm during the 1989-90 crop year in spite of the increase in production. Wheat imports by Far East Asian countries fell about 15 per cent. This was mainly due to the larger Chinese crop, which reduced that country's import needs. However, this drop in imports was more than offset by increased demand in several Near East Asian markets. Western and Eastern European imports were down slightly from the year before. Soviet imports remained stable.

In spite of liberal use of the Export Enhancement Program (EEP), U.S. share of the wheat market fell from 41 to 36 per cent. A larger crop and a solid marketing effort by the Canadian Wheat Board enabled Canada to export more wheat. There was little change in Australian and European Community (EC) exports as shown in Table 2.

World trade in durum rose from 4.8 million tonnes in 1988-89 to 5.2 million tonnes in 1989-90. Algeria and the Soviet Union were once again the two largest customers and accounted for most of the increase in durum purchases. Canada was the largest exporter, accounting for over half of the world trade.

For coarse grains, world consumption/utilization once again exceeded production, resulting in a further decline in world carryover

TABLE 2
MAJOR GRAIN EXPORTERS
IN 1989-90 [1]

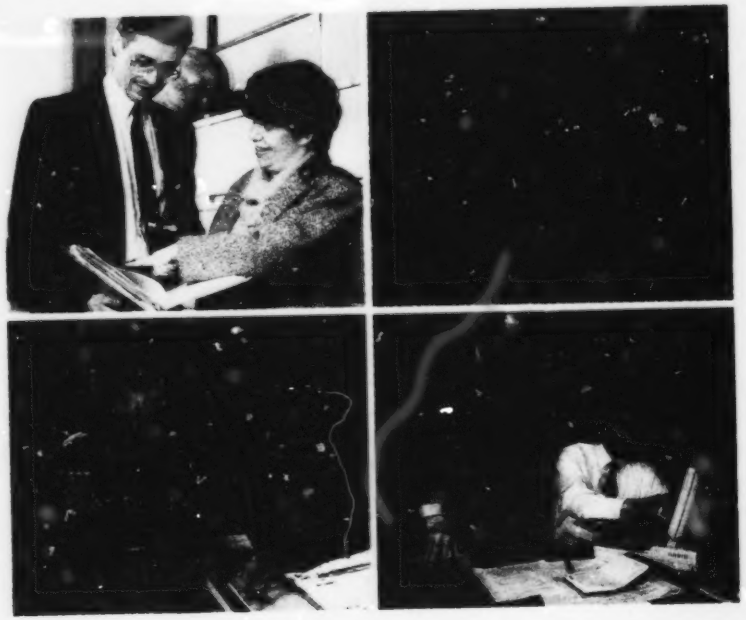
	Wheat and Wheat Flour	Bulk Coarse Grains [2]
	(Millions of Tonnes)	
Argentina	5.2	4.0
Australia	10.9	2.7
Canada	17.0	5.4
EEC [3&4]	18.5	9.8
United States	34.5	66.8
Others	8.4	13.1
Grand Total	94.5	101.8

[1] Preliminary – Subject to Revision
[2] Includes Rye, Barley, Corn, Sorghum and Mixed Grains
[3] Twelve Member States
[4] Excluding EEC Intra-Trade
Source: IWC Market Report, November 1990

stocks. Trade rose to 101.7 million tonnes. This was the first time coarse grain trade exceeded 100 million tonnes since the 1984-85 crop year.

Much of the growth in world coarse grain trade was in corn. However, world barley trade also rose from 16.1 million tonnes in 1988-89 to 17.6 million tonnes in 1989-90. The Soviet Union accounted for most of the growth in import demand. Increased imports by Iran, Iraq, and Turkey more than offset the drop in Saudi Arabian imports.

The EC was once again the largest exporter of barley with shipments totaling 7.8 million tonnes. Canadian barley exports rose from 2.6 million tonnes in 1988-89 to 4.3 million tonnes in 1989-90, making Canada the second largest exporter.



PRICES

Tight world supplies combined with the outlook of a smaller U.S. hard red winter wheat crop gave promise to firmer wheat prices in the spring of 1989. However, timely rains in the U.S. red winter wheat area tempered some of the price optimism.

U.S. wheat prices, excluding export subsidies, began the crop year in the range of U.S.$164-$170 f.o.b. Gulf per tonne and remained at these levels during the first few months.

Weak demand caused prices to remain very flat in the first half of the crop year. This was attributed to the absence of the Soviet Union from the U.S. wheat market.

Wheat prices moved steadily downward throughout the last half of the crop year. Weaker demand for U.S. wheat combined with the outlook for a large 1990 crop pushed prices down to about U.S.$128 f.o.b. Gulf per tonne for hard red winter wheat by July 1990, and to U.S.$116 per tonne by October.

There were several wheat price anomolies during the 1989-90 crop year. The spread between U.S. dark northern spring wheat (DNS) and hard red winter wheat narrowed. Protein premiums were also very narrow during the year. At times, spring wheat was even below hard red winter wheat prices. U.S. soft red winter prices, after deducting export subsidies, were also below corn prices.

Export subsidies intensified during the crop year driving world prices even lower. Export bonuses at the start of the crop year were in the U.S.$5-$10 per tonne range. However, by the end of the crop year, bonuses had increased to the U.S.$15-$20 per tonne range.

Durum prices plummeted in the spring and summer of 1989 as a result of the much improved outlook for the U.S. and Canadian crops. U.S. durum prices began the crop year at about U.S.$155 per tonne f.o.b. St. Lawrence, which was nearly $20 per tonne lower than the early spring. Higher carryover durum stocks relative to other wheats and lack of U.S. demand for durum in the early months of the crop year further weighed on prices.

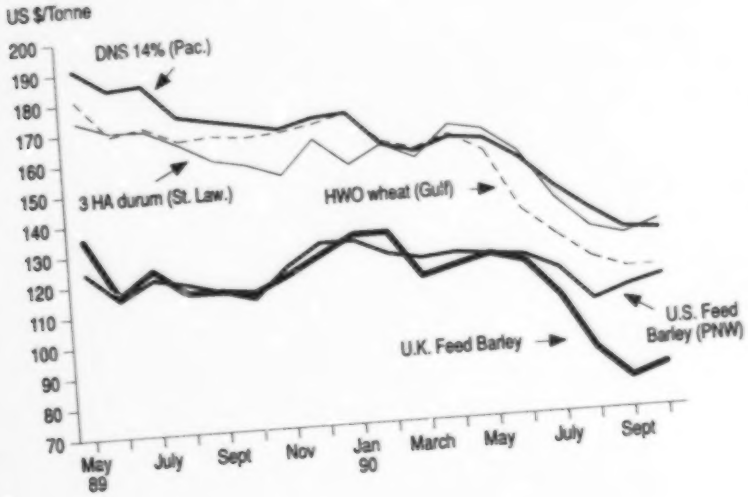
Durum traded at a discount to dark northern spring wheat for most of the first part of the crop year. This later changed to a slight pre-

mium. However, durum prices relative to spring wheat still fell far short of the historical premiums of U.S.$10-$25 per tonne.

U.S. durum prices had fallen to U.S.$120 per tonne f.o.b. St. Lawrence by the close of the crop year. Export subsidy activity had also increased in anticipation of large crops in 1990.

Barley prices in Europe and the United States declined sharply throughout the summer of 1989. This was mainly due to the lack of export demand and the expected return to larger crops in North America.

1989-90 Wheat and Barley Prices



U.K. barley prices (f.o.b. export) averaged U.S.$136 per tonne in April 1989, but had moved down to U.S.$114 per tonne by the fall for November 1989 delivery. Prices for No. 2 U.S. barley f.o.b. Pacific North West ports averaged U.S.$133 per tonne in April 1989, but had fallen to about U.S.$112 per tonne by October.

The drop in EC barley production combined with an increase in demand bolstered prices after November. This continued until January when prices peaked at the U.S.$130-$135 per tonne range. Prices softened slightly throughout the spring months, then plummeted in the summer in sympathy with low wheat prices. U.K. barley prices dropped below U.S.$100 per tonne by August 1990.

THE 1989 WESTERN CANADIAN CROP

Western Canadian production of the six major grains in 1989 was estimated at 40.9 million tonnes. Although 10 million tonnes larger than the drought year 1988, it was still only the seventh largest crop on record.

Moisture in the spring of 1989 was generally very low following the dry conditions of the previous two years (see Map 1). However, widespread rains in May and especially June improved prospects in most areas. During July and the first half of August, hot, dry weather prevailed. The heat, combined with the lack of soil moisture reserves, had a negative impact on yields, particularly on later sown crops.

Despite this unfavorable weather in the late growing season, wheat and durum yields held up fairly well. Barley, oats, and especially oilseeds, sustained substantial yield losses from the late summer

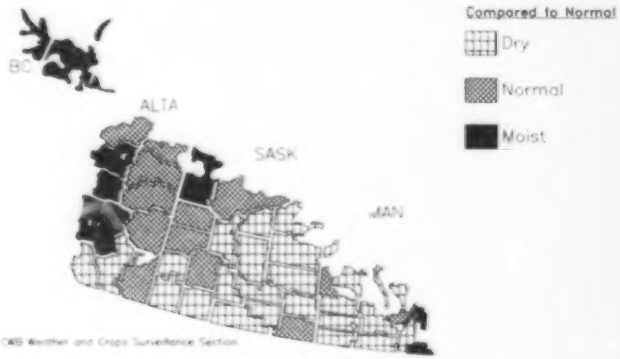
TABLE 3
1989 [1] WESTERN CANADIAN YIELDS AND PRODUCTION

	ALBERTA				SASKATCHEWAN			
	Yield		Production		Yield		Production	
	1989	10-year Average 1979-88	1989	10-year Average 1979-88	1989	10-year Average 1979-88	1989	10-year Average 1979-88
	(Bus. per Acre)		(Mln. Tonnes)		(Bus. per Acre)		(Mln. Tonnes)	
Wheat	31.2	30.1	6.4	5.6	23.4	24.6	12.6	13.2
Barley	51.4	49.5	5.7	5.8	37.3	41.9	3.0	3.0
Oats	61.8	62.5	1.6	1.2	43.3	48.1	.8	.7
Rye	29.2	29.4	.2	.2	24.7	23.0	.4	.2
Flaxseed	20.0	19.3	.1	.1	13.3	16.5	.2	.2
Canola	21.9	21.9	1.3	1.3	17.8	22.4	1.3	1.3
Total Production	–	–	15.3	14.2	–	–	18.3	18.6

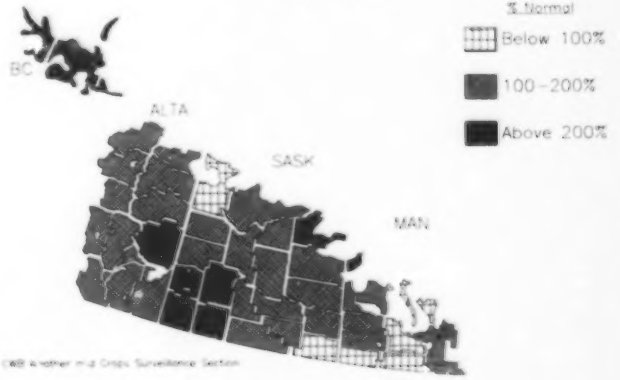
	MANITOBA				TOTAL WESTERN CANADA [2]			
	Yield		Production		Yield		Production	
	1989	10-year Average 1979-88	1989	10-year Average 1979-88	1989	10-year Average 1979-88	1989	10-year Average 1979-88
	(Bus. per Acre)		(Mln. Tonnes)		(Bus. per Acre)		(Mln. Tonnes)	
Wheat	28.9	29.1	4.1	3.4	26.1	26.5	23.3	22.4
Barley	44.4	47.3	1.5	1.8	45.3	46.6	10.4	10.9
Oats	44.0	52.2	.3	.4	53.0	56.1	2.8	2.4
Rye	33.9	29.5	.2	.1	27.5	26.4	.8	.6
Flaxseed	12.4	16.4	.2	.4	13.2	16.6	.5	.7
Canola	15.3	21.4	.4	.5	19.0	21.9	3.1	3.1
Total Production	–	–	6.7	6.6	–	–	40.9	40.1

[1] Preliminary – Subject to Revision
[2] Includes British Columbia
Source: Statistics Canada

MAP 1 TOTAL PRECIPITATION
May 1, 1988, to April 30, 1989



MAP 2 PRECIPITATION
August 1989



drought. Shrunken kernels and high protein content (due to drought stress and heat) in barley also reduced malting barley supplies.

Conditions changed dramatically in mid-August, with three weeks of cool, wet weather. Little harvesting was completed during this time (see Map 2). The wetness resulted in a substantial reduction in wheat, durum, and barley quality. Even though drier weather followed, the temperatures continued cool in Alberta. The harvest in Alberta dragged on well into October. An exceptionally wet fall in the southern Peace River area caused major harvest difficulties.

SALES OF CANADIAN GRAIN

Wheat and wheat products

Exports of Canadian wheat and wheat products rose to 17.4 million tonnes in 1989-90. This was about five million tonnes more than the year before, when exports dropped sharply because of drought.

The improved export supply situation enabled the Wheat Board to broaden its base of customers. In total, 67 countries received Canadian wheat (including durum), up from last year's total of 56 countries.

A list of the largest wheat customers and comparisons to previous years is provided in Table 4. China was once again the biggest, with purchases exceeding 4.5 million tonnes. Iran returned as a major wheat buyer, with purchases of 1.4 million tonnes.

TABLE 4
CANADIAN WHEAT (INCLUDING DURUM) AND WHEAT FLOUR EXPORTS TO MAJOR MARKETS

	1989-90 [1]	1988-89	1987-88
	(Thousands of Tonnes)		
China	4 581	2 830	7 664
U.S.S.R.	3 497	2 666	4 500
Japan	1 465	1 355	1 484
Iran	1 445	26	1 113
Iraq	783	783	884
Algeria	609	337	764
Cuba	434	605	953
United States	372	278	397
Philippines	360	117	32
Italy	357	410	439
Bangladesh	336	290	220
United Kingdom	272	410	413
Brazil	220	14	448
Venezuela	181	323	532
Others [2]	2 498	1 960	3 671
Total	17 410	12 404	23 514

[1] Preliminary – Subject to Revision
[2] Includes Bagged Seed Exports
Source: Canadian Grain Commission for 1989-90
Previous Years – Statistics Canada

Durum wheat

Canadian durum exports at 2.8 million tonnes accounted for over 60 per cent of world trade in 1989-90. The Soviet Union was once

again Canada's largest durum buyer with purchases of over one million tonnes. Algeria, Libya, Japan, and the United States also increased their purchases.

TABLE 5
CANADIAN DURUM EXPORTS
TO MAJOR MARKETS

	1989-90 [1]	1988-89	1987-88
	(Thousands of Tonnes)		
U.S.S.R.	1 095	715	992
Algeria	605	326	611
United States	218	186	203
Libya	170	78	96
Italy	155	214	231
Japan	141	118	94
Belgium/Luxembourg	66	52	78
German Dem. Rep.	60	10	53
Venezuela	53	116	175
Cuba	17	47	64
Others	258	141	157
Total	2 838	2 003	2 754

[1] Preliminary – Subject to Revision
Source: Canadian Grain Commission for 1989-90
Previous Years – Statistics Canada

Barley and barley products

Canadian exports of barley and barley products rose to 4.5 million tonnes in the 1989-90 crop year. This was possible because of the larger 1989 crop. However, carryover stocks were also reduced from 2.8 million tonnes at the end of the 1988-89 crop year to 2.1 million tonnes at the end of 1989-90.

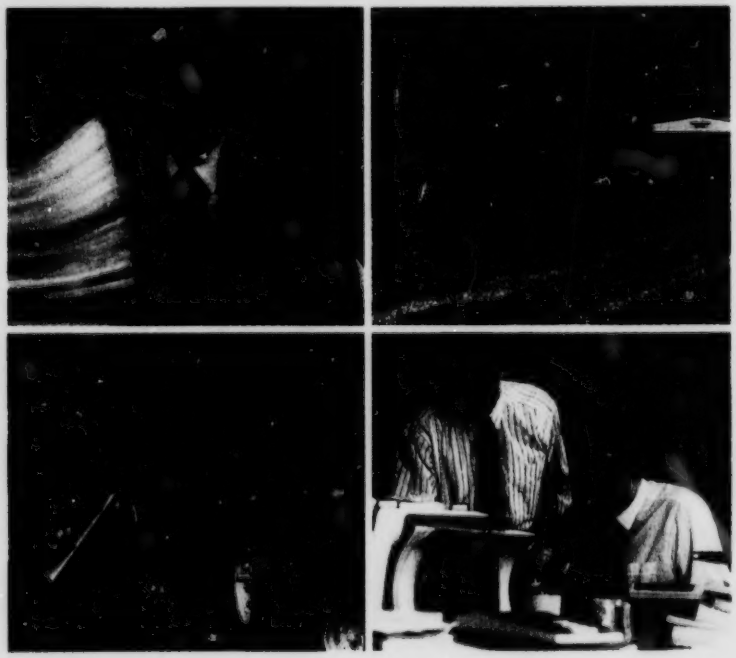
Saudi Arabia was once again the largest barley customer. The Soviet Union returned as a major buyer. As shown in Table 6, exports also increased to Japan, Iraq, the German Democratic Republic, and Iran.

TABLE 6
CANADIAN BARLEY EXPORTS
TO MAJOR MARKETS

	1989-90 [1]	1988-89	1987-88
	(Thousands of Tonnes)		
Saudi Arabia	1 358	1 091	1 678
Japan	843	698	900
U.S.S.R.	914	–	208
Iraq	282	115	111
German Dem. Rep.	276	176	260
Iran	217	63	123
United States	213	213	278
United Arab Emirates	50	–	–
China	26	123	278
Colombia	20	40	80
Others	31	98	458
Bulk Grain Total	4 230	2 617	4 374
Malt	273	261	220
Grand Total	4 503	2 878	4 594

[1] Preliminary – Subject to Revision
Source: Canadian Grain Commission for 1989-90
Previous Years – Statistics Canada

Malting barley exports dropped from 349 000 tonnes in 1988-89 to 240 000 tonnes in 1989-90. This was mainly due to limited supplies of good quality malting barley. Quantities and destinations for malting barley were 20 000 tonnes to Colombia, 213 000 tonnes to the United States, and 7 000 tonnes to Peru.



TRANSPORTATION AND HANDLING

Western Canadian **exports** of the six major grains and their products rose to 24.6 million tonnes during the 1989-90 crop year. This compares with exports of 18.0 million tonnes in 1988-89. A larger crop combined with good deliveries and a strong sales program were the reasons for the higher exports in 1989-90.

July 31 on-farm grain **stocks**, at 2.7 million tonnes, were close to record low levels. Commercial stocks rose slightly to 7.5 million tonnes, compared to seven million tonnes the year before.

TABLE 7
DELIVERIES, SHIPMENTS AND EXPORTS
OF WESTERN CANADIAN GRAIN

	Producer Deliveries		Elevator Shipments		Exports [2]	
	1989-90 [1]	1988-89	1989-90 [1]	1988-89	1989-90 [1]	1988-89
	(Thousands of Tonnes)					
Wheat	17 072	12 073	16 519	11 849	13 951	9 887
Durum	3 641	1 791	3 547	1 851	2 838	2 003
Oats	672	1 095	626	1 043	548	730
Barley	5 427	5 571	5 773	5 221	4 503	2 879
Rye	409	173	362	181	295 [3]	115 [3]
Flaxseed	368	295	372	340	498 [3]	454 [3]
Canola	2 993	3 493	2 482	2 523	1 971	1 949
Total	30 582	24 491	29 681	23 008	24 604	18 017

[1] Preliminary – Subject to Revision
[2] Includes Products
[3] Includes Exports from Unlicensed Facilities
Source: Statistics Canada and Canadian Grain Commission

Grain **movement** got off to a rather slow start because of the low carryover and delayed harvest in Saskatchewan and Alberta. Reduced market demand in the early months of the crop year also contributed to the slower grain movement.

Grain movement through the Great Lakes System picked up considerably in November. However, cold weather forced an early close of navigation. Other operational problems, such as damage to the St. Lambert lock and a short-term coast guard strike, also hampered movement.

As a result, the Wheat Board established a winter rail program to help meet shipping requirements from St. Lawrence ports during January, February, and March. In total, 66 trains moved 557 825 tonnes of grain from Thunder Bay to the St. Lawrence during the winter of 1990.

The Wheat Board also had a small export program from Atlantic ports during the winter. A total of 114 000 tonnes were shipped from Halifax and West Saint John. Most of this grain had been shipped to the Atlantic ports prior to the close of navigation. Little was moved by rail from Georgian Bay to the Atlantic. Removal of the "At and East" freight rates now makes this movement costly.

Grain movement was brisk through West Coast ports during most of the crop year. New monthly export records were approached or broken. This was accomplished even though extensive terminal renovation and upgrading were occurring at the port of Vancouver.

Deliveries and export shipping programs began to taper off during the latter months of the crop year because of limited supplies. The crop year ended quietly with about 40 per cent space in country elevators by July 31, 1990.

TABLE 8
SUPPLY AND DISPOSITION OF
CANADIAN WHEAT AND BARLEY

	WHEAT (Including Durum)		BARLEY	
	1989-90 [1]	1988-89	1989-90 [1]	1988-89
	(Thousands of Tonnes)			
Inward Carryover August 1				
On Farms	787	2 535	1 075	2 507
In Commercial Facilities	4 144	4 770	1 725	1 200
Production	24 578	15 996	11 666	10 212
Total Supply	29 509	23 301	14 466	13 919
On Farm Use	3 132	3 135	6 277	6 071
Commercial Use	2 679	2 822	1 640	2 170
Exports	17 418	12 413	4 503	2 878
Total Use	23 229	18 370	12 420	11 119
Outward Carryover July 31	6 280	4 931	2 046	2 800

[1] Preliminary – Subject to Revision
Source: Statistics Canada and Canadian Grain Commission

FINANCIAL RESULTS

FINANCIAL RESULTS

Details of the final operating results of the Board on the 1989-90 Pool Accounts for wheat, amber durum wheat, barley and designated barley are presented in this section of the report with commentary thereon.

POOL ACCOUNT — WHEAT

Initial Payments

At the beginning of the crop year the Board was authorized to purchase wheat from producers at a fixed initial price of $155.00 per tonne for No. 1 Canada Western Red Spring. Effective January 9, 1990, the initial price for No. 1 Canada Western Red Spring was increased to $165.00 per tonne.

Supplies of Wheat

Supplies of wheat in the 1989-90 Pool were 18 401 822 tonnes, comprised of 16 682 883 tonnes delivered by producers, 111 848 tonnes acquired from other than producers and 1 607 091 tonnes purchased from the previous pool.

Grade Pattern

Deliveries of grain to the 1989-90 Pool Account consisted of more lower grades than the previous pool. Deliveries of Nos. 1 and 2 Canada Western Red Spring totaled 11.069 million tonnes or 66.35 per cent of total receipts compared to 88.41 per cent for the previous pool, while No. 3 Canada Western Red Spring receipts of 5.098 million tonnes amounted to 30.56 per cent of total receipts. Deliveries of other types of wheat including Canada Western Feed amounted to .516 million tonnes or 3.09 per cent of total producer deliveries. Deliveries of tough and damp grades were similar to the previous year with approximately 1.02 per cent of producer deliveries grading tough and .09 per cent grading damp.

Final Statement of Operations and Surplus for Distribution to Producers — Wheat — Table A

Marketing operations on the Pool Account for wheat resulted in an operating surplus of $203,253,274. After providing for producer car rebates of $161,708, allowing for the cost of issuing the final payment and adding estimated interest earnings subsequent to October 19, 1990, the net surplus for distribution to producers amounted to $208,191,710. This net surplus represents an average of $12.480 on producer deliveries of 16 682 883 tonnes. Table B shows the total price realized by producers for No. 1 Canada Western Red Spring at $172.112 compared to $197.136 for the previous pool.

OPERATING COSTS

Operating costs incurred applicable to the pool were $130,193,864 or $7.804 per tonne. Details of the principal costs and comment thereon follows:

Carrying Charges — $107,119,376

Total carrying charges incurred by the Board, including storage and interest charges on wheat in country elevators and storage on wheat in terminal elevators, amounted to $107,119,376 or $6.421 per tonne.

TABLE A

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS ON THE 1989-90 POOL ACCOUNT -- WHEAT

For the period August 1, 1989 to October 19, 1990

with prior year figures for the 1988-89 Pool Account for comparison

	1989-90 Pool Account		1988-89 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	10 682 883 tonnes		14 218 367 tonnes	
Sales value	$1,968,728,228	$177.950	$2,904,265,681	$204.262
Initial payments to producers	2,635,281,090	157.963	2,377,546,508	167.217
Gross Surplus	333,447,138	19.987	526,719,173	37.045
Deduct Operating Costs:				
Carrying charges:				
Country elevators	81,947,915	4.912	43,576,178	3.065
Terminal storage	25,171,463	1.509	14,168,229	.996
Total Carrying Charges	107,119,376	6.421	57,744,407	4.061
Bank interest and net interest on other Board accounts	(24,312,632)	(1.457)	(33,651,756)	(2.367)
Demurrage/Despatch	(66,282)	(.004)	(3,302,045)	(.232)
Additional freight – to terminals	15,814,413	.948	9,266,321	.652
– freight rate change	2,389,795	.143	1,675,231	.118
Handling and stop-off	62,126	.004	(19,809)	(.001)
Drying	76,344	.004	32,299	.002
Interest and depreciation on Wheat Board hopper cars	8,220,815	.493	7,627,680	.536
Wheat Board administrative expenses	20,889,909	1.252	17,943,259	1.262
Total Operating Costs	130,193,864	7.804	57,315,587	4.031
Surplus on Operations	203,253,274	12.183	469,403,586	33.014
Deduct: Interim Payment	–	–	213,275,507	15.000
	203,253,274	12.183	256,128,079	18.014
Add: Interest earned after October 19 (1988-89 September 30)	5,252,584	.315	11,714,518	.824
Deduct: Cost of issuing final payment (1988-89 including interim payment)	152,440	.009	332,121	.024
Deduct: Rebate on producer cars	161,708	.009	119,016	.008
Balance for Distribution to Producers	$ 208,191,710	$ 12.480	$ 267,391,460	$ 18.806

TABLE B

PAYMENTS RECEIVED BY PRODUCERS
FOR PRINCIPAL GRADES OF WHEAT
BASIS IN STORE THUNDER BAY OR VANCOUVER

Grade	Initial Payments	Final Payments	Total
	(dollars per tonne)		
No. 1 Canada Western Red Spring 14.5	$169.21	$11.932	$181.142
No. 1 Canada Western Red Spring 13.5	167.21	9.518	176.728
No. 1 Canada Western Red Spring	165.00	7.112	172.112
No. 2 Canada Western Red Spring 13.5	160.21	11.561	171.771
No. 2 Canada Western Red Spring	159.21	8.874	168.084
No. 3 Canada Western Red Spring	145.21	15.918	161.128
No. 1 Canada Prairie Spring	141.21	19.918	161.128
No. 2 Canada Prairie Spring	139.21	19.918	159.128
No. 1 Canada Western Utility	149.21	13.918	163.128
No. 2 Canada Western Utility	132.21	20.918	153.128
Canada Western Feed	110.00	28.078	138.078
No. 1 Canada Western Red Winter	144.21	18.918	163.128
No. 2 Canada Western Red Winter	142.21	18.918	161.128
No. 1 Canada Western Soft White Spring	155.00	8.424	163.424
No. 2 Canada Western Soft White Spring	152.00	8.424	160.424

Bank Interest and Net Interest on Other Board Accounts — ($24,312,632)

This amount consists mainly of bank interest and interest paid to, or received from, other Board accounts. Interest earned exceeded interest paid by $24,312,632 or $1.457 per tonne.

Additional Freight – to Terminals – $15,814,413
– Freight Rate Change – $2,389,795

During the crop year the Board paid $15,814,413 of additional freight arising out of the movement of grain in adverse direction to meet sales requirements.

With the passage of the Western Grain Transportation Act on December 31, 1983, freight rates are now reviewed and adjusted annually. On August 1, 1990, freight rates increased by approximately 13 per cent and the Board was required to pay the additional freight on the country stocks held by its agents on August 1, 1990, amounting to $2,389,795 in the Wheat Account.

Drying Charges — $76,344

Drying charges for 1989-90 totaled $76,344, an increase from the previous year, reflecting higher quantities of tough and damp grain delivered to the pool under review.

Interest and Depreciation on Wheat Board Hopper Cars — $8,220,815

Costs for the use of the Board's 2,000 hopper cars include depreciation and interest. Hopper car expenses attributable to the 1989-90 Wheat Account totaled $8,220,815 compared to $7,627,680 for the previous pool.

Administrative and General Expenses – $20,889,909

This item represents the portion of the cost of operating the Board, including salaries, fringe benefits to employees and the cost of operat-

ing the Board's head office premises as well as other branches in Canada and overseas that was charged to the Wheat Account. Since the Pool Accounts run for periods which overlap crop years, some part of the operating costs for two consecutive crop years are allocated to the Pool Accounts based on length of time the Pool Accounts were open and tonnage handled. Charges allocated to the 1989-90 Wheat Account were $20,889,909 or $1.252 per tonne on producer receipts of 16 682 883 tonnes compared with $17,943,259 or $1.262 per tonne on producer receipts of 14 218 367 tonnes for the previous pool.

Administrative and general expenses for the 1989-90 crop year from August 1, 1989, to July 31, 1990, totaled $30,126,784 compared to $28,483,006 for the 1988-89 crop year; an increase of $1,643,778 or 5.77 per cent.

POOL ACCOUNT — AMBER DURUM WHEAT

Initial Payments

At the beginning of the crop year the Board was authorized to purchase amber durum wheat from producers at a fixed initial price of $150.00 per tonne for No. 1 Canada Western Amber Durum Wheat.

Supplies of Amber Durum Wheat

Supplies of amber durum wheat in the 1989-90 Pool were 3 951 019 tonnes, comprised of 3 498 752 tonnes delivered by producers, 27 482 tonnes acquired from other than producers and 424 785 tonnes purchased from the previous pool.

Grade Pattern

Receipts of Nos. 1, 2 and 3 Canada Western Amber Durum totaled 3.139 million tonnes or 89.73 per cent of total producer deliveries. Approximately .50 per cent of producer deliveries graded tough while .05 per cent graded damp.

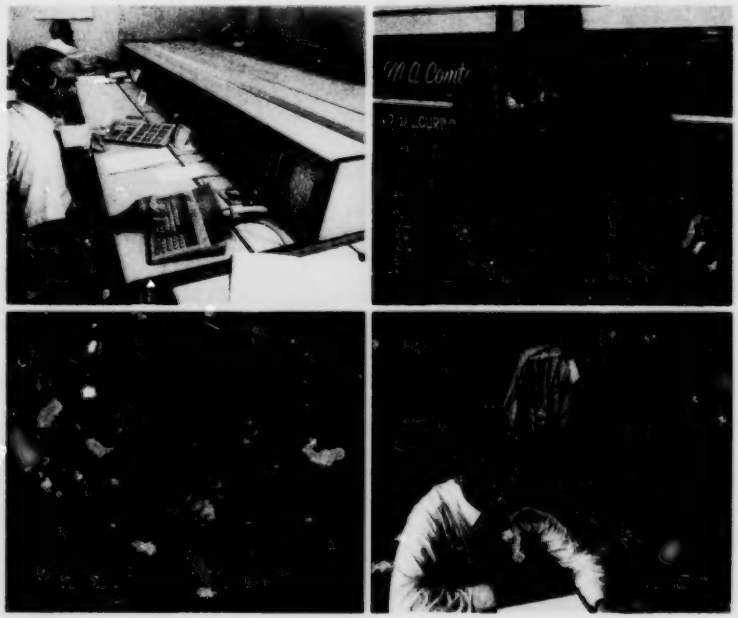


TABLE C

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1989-90 POOL ACCOUNT — AMBER DURUM WHEAT
For the period August 1, 1989 to October 19, 1990
with prior year figures for the 1988-89 Pool Account for comparison

	1989-90 Pool Account		1988-89 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	3 498 752 tonnes		2 254 359 tonnes	
Sales value	$576,605,244	$164.803	$468,270,301	$207.718
Initial payments to producers	502,789,898	143.706	420,780,711	186.652
Gross Surplus	73,815,346	21.097	47,489,590	21.066
Deduct Operating Costs:				
Carrying charges:				
Country elevators	15,557,532	4.447	10,827,316	4.803
Terminal storage	6,236,353	1.782	4,810,372	2.134
Total Carrying Charges	21,793,885	6.229	15,637,688	6.937
Interest	(1,939,580)	(.554)	1,018,487	.[illegible]
Demurrage/Despatch	(81,889)	(.023)	(499,446)	(.221)
Additional freight – to terminals	922,521	.263	414,599	.184
– freight rate change	359,330	.103	444,893	.197
Handling and stop-off	335	–	950	–
Drying	1,938	–	870	–
Interest and depreciation on Wheat Board hopper cars	1,724,078	.493	1,209,389	.537
Wheat Board administrative expenses	4,391,658	1.255	2,844,951	1.262
Total Operating Costs	27,172,276	7.766	21,072,381	9.348
Surplus on Operations	46,643,070	13.331	26,417,209	11.718
Add: Interest earned after October 19 (1988-89 September 30)	1,205,376	.344	843,053	.374
Deduct: Cost of issuing final payment	40,285	.011	34,023	.015
Deduct: Rebate on producer cars	14,790	.004	12,197	.005
Balance for Distribution to Producers	$ 47,793,371	$ 13.660	$ 27,214,042	$ 12.072

Final Statement of Operations and Surplus for Distribution to Producers — Amber Durum Wheat — Table C

Table C shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a surplus of $46,643,070. Operating expenses totaled $27,172,276 for the year or $7.766 per tonne. The principal cost was carrying charges amounting to $21,793,885 or $6.229 per tonne. After allowing for producer car rebates, the cost of issuing the final payment and estimated interest earnings subsequent to October 19, 1990, the net surplus for distribution to producers was $47,793,371. This amount represents an overall average of $13.660 per tonne on producer deliveries of 3 498 752 tonnes. Table D shows the total payments received by producers for the principal grades of amber durum wheat delivered during the crop year. This table shows the total price realized by producers for No. 1 Canada Western Amber Durum Wheat of $163.851 per tonne, compared to $204.482 per tonne for the previous pool.

TABLE D

PAYMENTS RECEIVED BY PRODUCERS
FOR PRINCIPAL GRADES OF AMBER DURUM WHEAT
BASIS IN STORE THUNDER BAY OR VANCOUVER

Grade	Initial Payments	Final Payments	Total
	(dollars per tonne)		
No. 1 Canada Western Amber Durum	$150.00	$13.851	$163.851
No. 2 Canada Western Amber Durum	147.00	11.471	158.471
No. 3 Canada Western Amber Durum	143.00	10.371	153.371
No. 4 Canada Western Amber Durum	125.00	18.162	143.162
No. 5 Canada Western Amber Durum	100.00	38.162	138.162

POOL ACCOUNT — BARLEY

Since August 1, 1975, as authorized by Order-in-Council, barley selected and accepted from producers for use in malting, pot or pearling, has been set up in a separate pool under the caption "Designated Barley". As a result, the transactions remaining in the Barley Pool Account described here consist mainly of marketing results related to feeding grades of barley.

TABLE E

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1989-90 POOL ACCOUNT — BARLEY
For the period August 1, 1989 to September 30, 1990
with prior year figures for the 1988-89 Pool Account for comparison

	1989-90 Pool Account		1988-89 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	3 067 088 tonnes		4 035 425 tonnes	
Sales value	$394,905,079	$128.756	$524,616,931	$130.003
Initial payments to producers	305,790,879	99.701	483,922,812	119.919
Gross Surplus	89,114,200	29.055	40,694,119	10.084
Deduct Operating Costs:				
Carrying charges:				
Country elevators	9,327,125	3.041	10,930,743	2.709
Terminal storage	1,426,806	.465	2,425,508	.601
Total Carrying Charges	10,753,931	3.506	13,356,251	3.310
Interest	(7,600,719)	(2.478)	288,533	.072
Demurrage/Despatch	1,074,813	.350	(334,009)	(.083)
Additional freight – to terminals	5,639,416	1.839	1,755,367	.435
– freight rate change	126,040	.041	1,581,659	.392
Handling and stop-off	864	–	–	–
Drying	7,914	.003	402	–
Interest and depreciation on Wheat Board hopper cars	1,511,367	.493	2,164,871	.536
Wheat Board administrative expenses	3,730,064	1.216	5,092,615	1.262
Total Operating Costs	15,243,690	4.970	23,905,689	5.924
Surplus on Operations	73,870,510	24.085	16,788,430	4.160
Deduct: Interim Payment	36,805,057	12.000	–	–
	37,065,453	12.085	16,788,430	4.160
Add: Interest earned after September 30	1,611,888	.525	535,769	.133
Deduct: Cost of issuing interim & final payment (1988-89 final payment only)	129,003	.042	62,033	.015
Deduct: Rebate on producer cars	41,044	.013	55,037	.014
Balance for Distribution to Producers	$ 38,507,294	$ 12.555	$ 17,207,129	$ 4.264

Initial Payments

At the beginning of the crop year the Board was authorized to purchase barley from producers at fixed initial prices of $85.00 and $82.00 per tonne for Nos. 1 and 2 Canada Western Barley respectively. Effective October 5, 1989, initial prices for Nos. 1 and 2 Canada Western Barley were increased to $100.00 and $97.00 per tonne respectively.

Supplies and Grade Pattern

Supplies in the regular Feed Barley Pool were 3 552 714 tonnes comprised of 3 067 088 tonnes delivered by producers, 17 436 tonnes acquired from other than producers and 468 190 tonnes purchased from the previous pool. Deliveries of Nos. 1 and 2 Canada Western Barley comprised 99.81 per cent of the producer deliveries in the pool. Board receipts of tough and damp barley made up 1.60 per cent of deliveries.

Final Statement of Operations and Surplus for Distribution to Producers — Barley — Table E

Table E shows the operating results of the Pool Account for the crop year. Marketing operations resulted in a surplus of $73,870,510. Operating expenses totaled $15,234,690 for the year or $4.970 per tonne. The principal cost was carrying charges amounting to $10,753,931 or $3.506 per tonne. After deducting the interim payment of $36,805,057 made to producers in October 1990, providing for producer car rebates of $41,044, allowing for the cost of issuing the interim and final payment, and estimated interest earnings subsequent to September 30, 1990, the net surplus for distribution to producers was $38,507,294. This amount represents an overall average of $12.555 per tonne on producer deliveries of 3 067 088 tonnes. Table F shows the total payments received by producers for the principal grades of barley delivered during the crop year.

TABLE F

PAYMENTS RECEIVED BY PRODUCERS
FOR PRINCIPAL GRADES OF BARLEY
BASIS IN STORE THUNDER BAY OR VANCOUVER

Grade	Initial Payments	Interim Payments	Final Payments	Total
		(dollars per tonne)		
Barley Grades				
No. 1 Canada Western	$100.00	$12.00	$12.384	$124.384
No. 2 Canada Western	97.00	12.00	14.694	123.694
Mixed Grain Canada Western Barley	87.45	12.00	12.384	111.834

POOL ACCOUNT — DESIGNATED BARLEY

As stated previously, since August 1, 1975, as authorized by Order-in-Council, barley selected and accepted from producers for use in malting, pot or pearling, has been set up in a separate pool account. This account has been labeled "Designated Barley" and the results of operations on this account with comment thereon are contained in this section of the report.

Initial Payments

At the beginning of the crop year the Board was authorized to purchase designated barley from producers at a fixed initial price of $105.00 per tonne for Special Select Canada Western Six-Row (Special Select CW 6-Row) and $115.00 per tonne for Special Select Canada Western Two-Row (Special Select CW 2-Row). Effective October 5, 1989, initial prices were increased to $135.00 per tonne for Special Select CW 6-Row and $145.00 for Special Select CW 2-Row. On January 9, 1990, initial prices were increased to $160.00 per tonne for Special Select CW 6-Row and $170.00 for Special Select CW 2-Row.

Supplies and Grade Pattern

Supplies of barley in the Designated Pool were 843 496 tonnes representing deliveries to the Board by producers during the crop year of barley which has been selected and accepted by purchasers for the use in malting, pot or pearling. Of these receipts 374 437 tonnes or 44.39 per cent were Special Select grades and 388 577 tonnes or 46.07 per cent were Select grades. Receipts of tough and damp grades totaled 9 501 tonnes or 1.13 per cent of total.

Final Statement of Operations and Surplus for Distribution to Producers — Designated Barley — Table G

Table G shows the operating results of this Pool Account for the crop year. Marketing operations resulted in a surplus of $35,224,748. As to operating costs, it should be noted that the Designated Barley Pool by its very nature does not incur the handling expenses normally related to feeding grades of barley or other grains. It is not stored by the Board, being selected by the processor (buyer) from a producer's sample and is shipped on buyer's call directly from farm to processing

plant via the country elevator. As a result the only expenses attributable to such barley were costs related to hopper cars owned by the Wheat Board, and administrative charges totaling $1,441,473 or $1.709 per tonne. These expenses were reduced by interest earnings of $4,087,105 or $4.845 per tonne. After deducting the interim payment of $21,087,398 made to producers in October 1990, provid-

TABLE G

STATEMENT OF OPERATIONS AND SURPLUS FOR DISTRIBUTION TO PRODUCERS
ON THE 1989-90 POOL ACCOUNT — DESIGNATED BARLEY
For the period August 1, 1989 to September 30, 1990
with prior year figures for the 1988-89 Pool Account for comparison

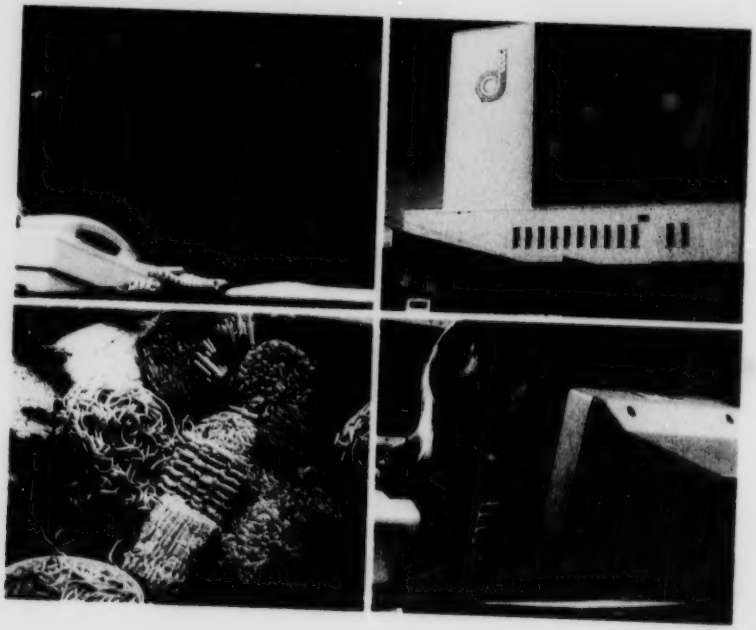
	1989-90 Pool Account		1988-89 Pool Account	
	Amount	Rate per Tonne	Amount	Rate per Tonne
Receipts from Producers	843 496 tonnes		1 074 488 tonnes	
Sales value	$170,705,524	$202.379	$231,435,674	$215.391
Initial payments to producers	138,126,408	163.755	195,921,451	182.339
Gross Surplus	32,579,116	38.624	35,514,223	33.052
Deduct Operating Costs:				
Interest	(4,087,105)	(4.845)	(3,266,267)	(3.040)
Demurrage/Despatch	–	–	(40,094)	(.045)
Interest and depreciation on Wheat Board hopper cars	415,649	.493	576,427	.537
Wheat Board administrative expenses	1,025,824	1.216	1,355,979	1.262
Total Operating Costs	(2,645,632)	(3.136)	(1,381,955)	(1.286)
Surplus on Operations	35,224,748	41.760	36,896,178	34.338
Deduct: Interim Payment	21,087,398	25.000	16,117,320	15.000
	14,137,350	16.760	20,778,858	19.338
Add: Interest earned after September 30	709,120	.841	935,670	.871
Deduct: Cost of issuing interim and final payments	24,269	.029	29,077	.027
Balance for Distribution to Producers	$ 14,822,201	$ 17.572	$ 21,685,451	$ 20.182

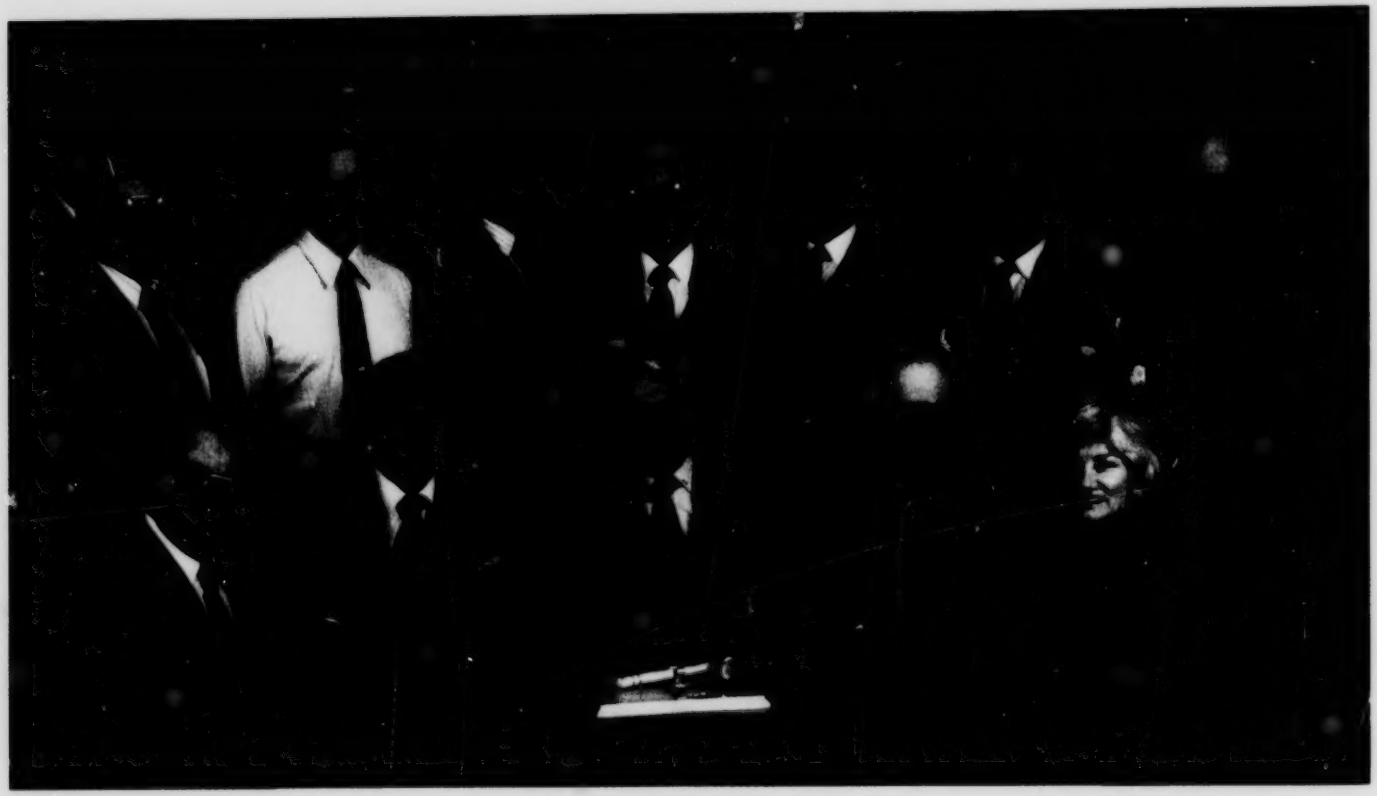
ing for the cost of issuing the interim and the final payment, and adding estimated interest earnings subsequent to September 30, 1990, the net surplus for distribution to producers was $14,822,201 or $17.572 per tonne on producer deliveries of 843 496 tonnes. Table H shows the total payments received by producers for the principal grades of designated barley delivered during the crop year.

TABLE H

PAYMENTS RECEIVED BY PRODUCERS
FOR PRINCIPAL GRADES OF DESIGNATED BARLEY
BASIS IN STORE THUNDER BAY OR VANCOUVER

Grade	Initial Payments	Interim Payment	Final Payments	Total
		(dollars per tonne)		
Designated Barley Grades				
Special Select Canada Western Two-Row	$170.00	$25.00	$15.911	$210.911
Special Select Canada Western Six-Row	160.00	25.00	16.411	201.411
Select Canada Western Two-Row	165.00	25.00	18.411	208.411
Select Canada Western Six-Row	155.00	25.00	18.911	198.911





THE CANADIAN WHEAT BOARD ADVISORY COMMITTEE (1987 to 1990)

Back row (left to right): Terry Hanson, Arthur Macklin, Larry Maguire, Harvey Gjesdal, Dan Cutforth, Wilfred Harder, Roy Atkinson
Seated (left to right): Ken Galloway, Micheal Halyk, Avery Sahl, Gary Pike, Lucille Evans (Secretary)